

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6044

BILL NUMBER: SB 185

NOTE PREPARED: Dec 17, 2014

BILL AMENDED:

SUBJECT: Developmental Disability Care Provider Tax Credit.

FIRST AUTHOR: Sen. Buck

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a tax credit against adjusted gross income (AGI) tax liability for donations to a qualified developmental disability care provider. It defines a "qualified developmental disability care provider" as a nonprofit organization that provides services to persons with developmental disabilities and that is either: (1) accredited; or (2) under contract with the Division of Disability and Rehabilitative Services. The amount of the credit is the lesser of \$1,000 or 50% of the aggregate amount of donations made during a taxable year.

Effective Date: January 1, 2016.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR may incur additional expenses in implementing the tax credit established by this bill. The DOR's current level of funding and resources should be sufficient to do so.

Explanation of State Revenues: *Summary-* This bill establishes an individual and corporate AGI tax credit for donations to a qualified developmental disability care provider. The credit is effective beginning in tax year 2016, and the revenue impact will likely begin in FY 2017. This provision may decrease revenue into the state General Fund by \$0.1 M to \$1.1 M per taxable year.

Any unused tax credits may not be carried forward by taxpayers to a succeeding taxable year, carried back to a preceding taxable year, or refunded. The actual revenue loss may be less than estimated to the extent that taxpayers are unable to exhaust tax credits in a single year and/or to the extent that taxpayers donate smaller amounts than those specified below. If they donate larger amounts, the actual revenue loss may be more than estimated.

Additional Information- There are 709 developmental disability care providers in Indiana. About 3% of Indiana residents donate to healthcare organizations, which include developmental disability care providers. Of those 3%, it is estimated that approximately 0.02% to 0.2% of individuals may donate specifically to developmental disability care providers.

Note that we do not have additional information on corporate donations to developmental disability care providers. If we apply the same percentages for individual taxpayers to corporate taxpayers, approximately 21 to 212 corporate taxpayers may donate specifically to developmental disability care providers.

The median and average donations to healthcare organizations are \$100 and \$163, respectively. Since we have no information on the actual amounts of donations made specifically to developmental disability care providers, we use the figures for all healthcare organizations. The \$1,000 maximum tax credit established by the bill exceeds both the median and average figures. Therefore, we calculate total revenue loss based on the estimated aggregate amount of donations to developmental disability care providers made by individual and corporate taxpayers during the taxable year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Amir Hayat, Lily Family School of Philanthropy at Indiana University, 317-278-8962; Grant Krevda, Family & Social Services Administration, 317-233-4695.

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